

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6852

BILL NUMBER: HB 1572

NOTE PREPARED: May 1, 2009

BILL AMENDED: April 29, 2009

SUBJECT: Medicaid Managed Care.

FIRST AUTHOR: Rep. Welch

FIRST SPONSOR: Sen. Miller

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Health Policy Advisory Committee to submit an annual report to the Health Finance Commission on the committee's findings and recommendations.

The bill requires that certain contractors for: (1) the Division of Family Resources (DFR); (2) the Office of Medicaid Policy and Planning (OMPP); and (3) the Office of the Secretary of Family and Social Services (FSSA); that process eligibility intake information for the federal Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance to Needy Families (TANF) program, and the Medicaid program review certain intake statistics and provide certain information to the Select Joint Commission on Medicaid Oversight. It also requires the FSSA to report certain information to the Commission and requires the Commission to determine whether legislation is needed on the issues.

The bill establishes the Medicaid Managed Care Quality Strategy Committee to study issues related to Medicaid managed care.

The bill revises the definition of "continuing care agreement". It specifies when a person providing continuing care has to register the continuing care retirement community with the Securities Commissioner. The bill also eliminates payments to the Indiana Retirement Home Guaranty Fund after June 30, 2009.

Effective Date: Upon passage; January 1, 2009 (retroactive); July 1, 2009.

Explanation of State Expenditures: *Summary:* The provisions concerning the Health Policy Advisory Committee would have little or no fiscal impact. The requirement for the contractors that process eligibility intake information to report certain information to the Select Joint Commission on Medicaid Oversight

should be accomplished within the scope of the contract. The FSSA staffing requirement for the Medicaid Managed Care Quality Strategy Committee should fall within the current level of resources available to the agency.

Background Information:

Health Policy Advisory Committee: The bill specifies that the chairperson of the Health Finance Commission is to annually select a chairperson of the Health Policy Advisory Committee. The bill specifies that the 17-member Health Policy Advisory Committee is to make an annual report summarizing the committee's actions, findings, and recommendations on any topic assigned to the committee to the Health Finance Commission by September 15 of each year. Committee members are entitled to salary per diem and reimbursement for travel expenses. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$16,500 per interim for committees with more than 16 members, such as the Health Policy Advisory Committee. The fiscal impact, if any, would depend on the Committee having cause to meet. During the 2006 interim, the last time the Committee met, four meetings were held with an expense of \$600. The Legislative Services Agency provides staffing for the Committee.

Select Joint Commission on Medicaid Oversight: The bill requires certain FSSA contractors to report specified eligibility intake information to the Select Joint Commission on Medicaid Oversight. The bill also authorizes the Commission to request certain reports and data elements from the contractor in a manner and format defined by the Commission. The Commission is a statutory entity. These provisions would be additional oversight functions of the Commission. If the Commission were required to meet more often as a result, additional resources may be necessary. However, the budget of the Commission has been specified by the Legislative Council as \$9,500 per interim. During the 2008 interim, the 12-member Commission held four meetings at a cost of \$9,100

Medicaid Managed Care Quality Strategy Committee: The bill creates the Medicaid Managed Care Quality Strategy Committee to provide information on policy issues concerning Medicaid. Membership of the Committee is defined and the appointing authorities are specified. FSSA is required to staff the Committee. The bill assigns certain study issues for the 7-member committee. The Committee's recommendations are required to be reported to the Select Joint Commission on Medicaid Oversight by October 1, 2009. The authorization for the Committee is effective upon passage and expires December 31, 2009. FSSA should be capable of staffing the Committee within the current level of resources available.

Explanation of State Revenues: *Guaranty Association Fund Fee:* The bill would discontinue the collection of the Guaranty Association Fund Fee after June 30, 2009. The \$100 fee is currently levied on each contracting party that enters into a continuing care agreement. Fee revenue is deposited into the Indiana Retirement Home Guaranty Trust Fund that was established to protect the financial interests of residents and contracting parties in the event of the bankruptcy of the provider. The fund is administered by a volunteer board of directors and held assets of \$3,776,834 on January 7, 2009. The expenses of the nonreverting fund are paid from the fund.

Definition of Community Care Retirement Community: The bill defines a Community Care Retirement Community (CCRC) as a facility that provides independent living services and health facility services. CCRCs are required to register with the Securities Commissioner if they solicit continuing care agreements before opening or enter into continuing care agreements with at least 25% of their residents. A continuing care agreement must assess residents an initial entrance fee of at least \$25,000 and periodic charges for the

cost of the resident's care. Nursing facilities that are part of a CCRC are exempt from the nursing facility Quality Assessment Fee (QAF). By specifying a more stringent definition for CCRCs, the bill may prevent nursing facilities that meet the broader definition currently used for consumer protection by the Secretary of State's Office, from avoiding paying the QAF. The extent of any impact associated with the more stringent definition would depend on the size and utilization of any facilities that might register as a CCRC to avoid paying the QAF.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: FSSA; OMPP; Secretary of State.

Local Agencies Affected:

Information Sources: Family and Social Services Administration, OMPP; Secretary of State.

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